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ABSTRACT

This document presents a summary and analysis of the reported uses of general revenue sharing (GRS) funds expended during the period July 1, 1973 to June 30, 1974. The report also provides a comparison of reported uses since the January 1, 1972 initiation of the GRS program. Findings indicate that more than \$6.7 billion of GRS funds were spent by States and recipient local governments during the 1974 fiscal year. It is estimated that this figure represents approximately 3 percent of the total expenditures of these governments during the same period. An analysis of the reported actual uses of general revenue sharing during the 1973-74 period reveals the following major uses of GRS monies by States and local governments: public safety services, 23 percent; educational services and facilities, 21 percent; public transportation, 15 percent; and multipurpose and general government, 10 percent. Sixty percent of the States were able to reduce taxes by virtue of GRS funds, and 20 percent were able to prevent new taxes. At the local level, 35 percent reported GRS receipts had enabled them to prevent new taxes while 34 percent reported local taxes had been kept at prior levels. (Author/DN)

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GENERAL REVENUE SHARING: REPORTED USES 1973-1974

A TABULATION AND ANALYSIS OF DATA FROM ACTUAL USE REPORT 4

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
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**Department of the Treasury
Office of Revenue Sharing
Washington, D.C. 20226**

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Preface

The State and Local Fiscal Assistance Act of 1972, Title I of which authorizes general revenue sharing, requires that units of state and local government file two reports each year with the Secretary of the Treasury:

One is a report on the planned use of the funds, setting forth the amounts and purposes for which local and state officials plan to spend or obligate the funds their jurisdictions expect to receive during the ensuing year, and;

The second is a report on the use of those general revenue sharing funds, which sets forth the amounts and purposes for which all funds were spent or obligated during the year.

The information in this document is a summary and analysis of the reported uses of general revenue sharing funds expended during the period July 1, 1973 to June 30, 1974.

And the report also provides a comparison of reported uses since the January 1, 1972, initiation of the general revenue sharing program.

A year ago, the Office of Revenue Sharing published similar data for the period January 1, 1972 through June 30, 1973 in "General Revenue Sharing—the First Actual Use Reports." We plan to continue this series on an annual basis, and we welcome all suggestions for improving its usefulness.

Graham W. Watt, Director
February, 1975

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Summary

1. More than \$6.7 billion of general revenue sharing funds were spent by all States and recipient local governments on services and facilities for their citizens nationwide during the period from July 1, 1973 to June 30, 1974 (Entitlement Period 4). It is estimated that this figure represents approximately 3% of the total expenditures of these governments during the same period.

2. The Use Reports for Entitlement Period 4, received by the Office of Revenue Sharing as of September 24, 1974 from 34,538 States and local governments summarize expenditures of general revenue sharing funds only. Any analysis of the general consequences or ultimate impact of general revenue sharing monies on services at the State and local levels of American government is beyond the scope of this report.

3. An analysis of the reported actual uses of general revenue sharing during the 1973-74 period indicates that more money was spent to provide citizens with public safety services than for any other function. These expenditures, mainly by local units of government, amounted to 23¢ of every GRS dollar spent. The second highest use nationally of general revenue sharing funds by all State and local governments was to provide educational services and facilities. These costs amounted to 21¢ of every GRS dollar, and dominated State government spending. The third highest expenditure of GRS funds was to provide a variety of public transportation services at both the State and local levels. These services used 15¢ of the average general revenue sharing dollar spent during Entitlement Period 4.

These three uses of GRS funds—public safety, education, and public transportation—accounted for almost 60% of all revenue sharing expenditures during the 1973-74 period.

4. Other uses of GRS monies by States and local governments in decreasing order of magnitude were: multi-purpose and general government—10¢; health services—7¢; environmental protection—7¢; recreation and cultural programs—5¢; social services for the poor or aged—4¢; other uses, especially by States—4¢; financial administration—2¢; libraries—1¢; housing and community development—1¢; and corrections, economic development and social development—each less than 1¢.

5. Although the above categories are useful to summarize expenditures of GRS funds, they are inadequate to describe the broad range of services encompassed. For example, expenditures for environmental protection, such as better sanitary waste disposal facilities may represent a measurable community health benefit. Some governments may report an expenditure for mini-bus services as a social service for the aged or poor, others may report it as a public transportation expenditure, and in a third jurisdiction it may be categorized as a health program. In reality, most government services ultimately improve the quality of life of all citizens and theoretically could be considered social services. Categorization of reported uses is therefore the responsibility of State and local chief executives who are in the best position to determine the direct impact of the use of GRS funds.

6. As a group, States spent over half of GRS funds (52%) on educational uses in the form of assistance for primary and secondary education at the local level. Otherwise, States allocated their GRS monies fairly evenly for public transportation services (8%), health (7%), multi-purpose general government (7%), and social services for the poor or aged (6%).

7. Local governments spent more of their GRS funds on public safety services (36%) than in any other use category. Public transportation service was next highest in terms of allocation (19%). General government capital expenditures received 11% of all local government GRS monies, as did environmental protection services. Health at 7% and recreation, also at 7%, followed. The remaining 9% of local GRS funds were divided among all remaining priority use categories.

8. An analysis of actual use data indicates no significant regional variations in use of GRS monies. At the regional level, State and local governments tended to emphasize the same uses—public safety, education and public transportation—as was the case nationally.

9. Regarding the impact of GRS funds on taxes, there were marked differences between the State and local government levels. Replies from governors indicate that 60% of the States were able to reduce taxes by virtue of GRS funds and 20% were able to prevent new taxes. At the local government level, 35% reported GRS receipts had enabled them to prevent new taxes while 34% reported local taxes had been kept at prior levels. A significant number (27%) reported GRS monies had prevented imposition of new taxes.

10. An overwhelming majority of both State and local governments (84%) reported that GRS funds had enabled them to avoid incurring new indebtedness, or reduce the level of new indebtedness.

11. All States and all local governments as groups during Entitlement Period 4 expended more GRS funds than were received, using balances on hand from prior periods and revenues from temporary investment of GRS funds. Interest earnings amounted to more than \$387 million, an equivalent of over one million dollars of interest earned daily by these governments collectively during the 12-month period.

12. A comparison of actual use data for Entitlement Periods 1, 2 and 3 with Entitlement Period 4 indicates that the same three high priority uses—public safety, education and public transportation—account for approximately 60% of total GRS funds expended during the two periods.

13. During Entitlement Period 4, State governments tended strongly towards the use of their GRS funds for the operation and maintenance of governmental services (82%) as compared with capital expenditures (18%). Local governments during the period, however, tended towards a more balanced use of their GRS monies between operating and maintenance (52%) and capital improvements (48%).

14. A comparison of planned uses of GRS funds during Entitlement Period 5 (July 1, 1974-June 30, 1975) with reported expenditures during Period 4 indicates no significant planned change in most uses, except: public transportation services, which may decrease from 15% to 12% of total entitlement funds used in the 12-month period ending June 30, 1975, as compared with actual reported uses during the 12-month period ending June 30, 1974. Likewise, multi-purpose and general government services may receive 3% greater allocation of GRS monies by States and local governments during the same period in 1974-75 as compared with 1973-74.

I. INTRODUCTION

The enactment of Federal general revenue sharing legislation by the Congress (P.L. 92-512, The State and Local Fiscal Assistance Act of 1972) in October of 1972 has been called a landmark in American intergovernmental fiscal relations.

Although direct, unconditional fiscal assistance from the national government to other levels of government is not unusual in other countries of the world and was experimented with briefly in this country during the presidency of Andrew Jackson in 1836-37, it had not been a feature of intergovernmental fiscal relations in the United States during the 20th Century. Other forms of Federal fiscal assistance to other levels of government, both directly and indirectly, dominated the contemporary intergovernmental fiscal scene until the enactment of the general revenue sharing legislation.

Historical Background

The sharing of Federal revenues with States and local governments through grants limited to the support of certain governmental functions in the national interest has had a long and significant history. An early and notable example is the Morrill Act of 1862 establishing support for a State system of agricultural and mechanical colleges throughout our country. Morrill Act grants, limited to the support of education but otherwise relatively without conditions or limitations on their use, have been characterized as functional bloc grants. State land grant higher education systems continue to be supported by the Federal government today through a variety of grants made to eligible state institutions upon application and the satisfaction of certain conditions.

An historical example of the use of conditional grants in a formula-based approach with matching requirements to providing federal aid to the states and their subdivisions is the Federal Aid Road Act of 1916 which ultimately got the motoring public "out of the mud." A newer development in Federal intergovernmental fiscal assistance is the use of project grants such as characterized the programs of urban renewal in the 1950's and 1960's in this country.

Conditional grants-in-aid to other levels of government from the Federal government of both the formula and project type grew rapidly in magnitude during the 1960's and into the 1970's, from a total Federal expenditure of \$7 billion in 1960 to \$36.5 billion in 1973. Such aid programs also proliferated to well in excess of 500 programs.

More recently there has been renewed interest in the functional bloc grant approach to the use of Federal revenues in support of state and local programs of national interest. The passage of the Safe Streets Act in 1968 and the increasing size of disbursements in support of the criminal justice system of the States and local governments through the Law Enforcement Assistance Administration of the U.S. Department of Justice is but one example. Others include the Comprehensive Employment and Training Act of 1973 which is concerned with Federal manpower training and other development programs supported by grants to eligible States and local jurisdictions; and the Housing and Community Development Act of 1974 which authorizes \$8.4 billion for community development programs over a three-year period for which all states and general purpose local governments are eligible recipients, either by formula or upon application.

Another form of Federal intergovernmental assistance is provided indirectly to States and local governments by payments made directly to individuals through various Federal programs and agencies while they live, work and participate as citizens and taxpayers of their state and city. Such direct assistance programs to persons include Social Security, various Veterans benefit programs, and certain public assistance programs which may or may not be supplemented by the States and local governments. These programs relieve States and localities of an assistance burden which otherwise they would bear.

The personal exemption from Federal income taxation of interest paid on State and local bonds is another form of Federal subsidy to States and localities, having been estimated to cost the Federal government nearly \$5 billion in lost revenue annually; but it has conferred benefits to States and local governments through the reduced cost to them of bonded indebtedness.

Both the Congress and the Executive Branch took all of the complexities of our intergovernmental fiscal system into account in considering the need for general revenue sharing. They concluded that **additional** fiscal aid was justified from the national government to the States and local governments, but that it should be of a different type. It was not the intent of Congress, nor is it the policy of the Executive Branch, that the program of General Revenue Sharing (GRS) enacted into law in 1972 become a substitute for, or eliminate the need for, other more traditional forms of intergovernmental financial assistance. This has not been the case since the Act was passed.

In fact, Federal fiscal aid on a check-issued basis to States and local governments increased by over \$1.2 billion (36%) in Fiscal Year 1973 (\$1,282 million) **excluding** general revenue sharing funds. Social welfare grants increased \$167 million during the same period,

to total at \$26.6 billion, 73% of all such Federal grants to States and local governments excluding GRS.*

The GRS program does provide significant additional Federal financial assistance to States and local governments under conditions that will promote a maximum amount of local flexibility and discretion in the delivery of governmental services to citizens while insuring that the actual use of such funds will be in the national interest. General revenue sharing funds thus can be used for needs not otherwise being met as well as to supplement existing assistance programs.

Key Provisions of the Act

While other publications of the Office of Revenue Sharing provide a more complete explanation of the general revenue sharing legislation**, the following summary explains the key features of the program.

All States and most general purpose local governments are eligible to receive financial assistance under the General Revenue Sharing Program. These include:

- * The 50 State governments and the District of Columbia.
- * 39,156 local governments: 3,046 counties, 18,778 cities, 16,986 townships, and 346 Indian tribes and Alaskan native villages.

The amount of money a recipient jurisdiction receives is determined by a legislatively established formula rather than by application, project proposal or promotional efforts. The formula tends to provide greater assistance to State and local governments that are more needy as indicated by the personal incomes of their residents. It also tends to benefit those governments which tax their citizens more substantially in order to solve community problems and deliver services. The data on per capita income and tax effort are collected independently of the Office of Revenue Sharing by the U.S. Bureau of the Census.

Because the Congress determined that the fiscal condition of local governments in our country is critical, it provided that two-thirds of the general revenue sharing monies allocated to each state area is to go to the local governments and one-third to the State government.

In support of the program, Congress established a Revenue Sharing Trust Fund and appropriated to it approximately \$30.2 billion

* Sophie R. Dales, "Federal Grants to States and Local Governments, Fiscal Year 1973," **Social Security Bulletin**, October, 1974.

** See especially the list of other Office of Revenue Sharing publications on the inside back cover.

which is to be distributed to the States and localities according to the following schedule:

Entitlement Period	Dates	Amount Appropriated
Period 1	1/1/72 - 6/30/72	\$2.650 Billion
Period 2	7/1/72 - 12/31/72	\$2.650 Billion
Period 3	1/1/73 - 6/30/73	\$2.9875 Billion
Period 4	7/1/73 - 6/30/74	\$6.050 Billion
Period 5	7/1/74 - 6/30/75	\$6.200 Billion
Period 6	7/1/75 - 6/30/76	\$6.350 Billion
Period 7	7/1/76 - 12/31/76	\$3.325 Billion

To emphasize what it considered to be purposes of national importance, the Congress limited the use of such funds by local governments to certain "priority expenditures"*, which are:

(1) ordinary and necessary maintenance and operating expenses for

- * A. Public safety (including law enforcement, fire protection, and building code enforcement),
- B. Environmental protection (including sewage disposal, sanitation, and pollution abatement),
- C. Public transportation (including transit systems and streets and roads),
- E. Recreation,
- F. Libraries,
- G. Social services for the poor or aged, and
- H. Financial administration, and

(2) ordinary and necessary capital expenditures authorized by law.

Maintenance and operating expenses are those typically incurred by governments on a regular basis as they deliver governmental services and include such expenditures as salaries and wages, materials and supplies, heat, light, oil, gasoline and similar recurring costs. Local governments are free to utilize their general revenue sharing funds for current operations and maintenance expenses among the priority categories, as local needs require.

Congress did not place any limitations on the use of general revenue sharing funds by State governments, and they may use general revenue sharing funds for any purpose for which they may lawfully use their own funds, except for matching other Federal funds.

* Section 103(a) of the Act.

Also, Congress recognized that an important need of States and local governments is to build permanent improvements for the betterment of their citizens. Thus the Act places no categorical restrictions on the use of general revenue sharing monies for capital expenditures other than those already established by law at the State and local level.

To insure that general revenue sharing funds will be used for priority purposes, Congress directed that every State and local government receiving these monies place them in a trust fund separate and apart from their other revenues. State and local government expenditures from their trust funds must be documented to enable the Treasury Department and the General Accounting Office to verify that the intent of the law is being observed.

A vital element in the general revenue sharing program is the public reporting required of State and local officials involved in the expenditure of GRS funds. The Act requires two reports—one is a Planned Use Report (PUR) and the other is an Actual Use Report (AUR). The Planned Use Report, portions of which must be published in a newspaper of local circulation and also sent to the Office of Revenue Sharing, shows how a recipient government plans to use its GRS funds during a particular entitlement period. Local publication of the report is intended to stimulate citizen input of ideas and suggestions into the process of planning how best to use State and local general revenue sharing monies.

State and local government officials also are required to prepare, publish and send to the Office of Revenue Sharing an Actual Use Report for each entitlement period. This report details how general revenue sharing funds were expended by the recipient government during the period.

It is not necessary that the expenditure of GRS funds coincide exactly with the previously announced planned use. Indeed, it is intended that through citizen involvement in the budget-making process, GRS money might be spent in ways that would be more responsive to citizen and community needs than initially announced in the Planned Use Report.

This Publication

This publication summarizes and analyzes the use of general revenue sharing funds expended during the period from July 1, 1973 to June 30, 1974, as reported to the Office of Revenue Sharing as of September 24, 1974. The use of GRS funds by the States and local governments is discussed in a non-technical manner in Section II, which follows. More detailed information is provided in Section IV. A more comprehensive explanation of the Actual Use Report form and the information it contains is provided in Section III.

II. ANALYSIS OF STATE AND LOCAL GOVERNMENT SERVICES SUPPORTED BY GENERAL REVENUE SHARING FUNDS DURING THE PERIOD JULY 1, 1973-JUNE 30, 1974

This section presents a summary and analysis of the reported use of general revenue sharing funds by recipient States and local governments as determined by the data provided by 34,538 jurisdictions whose AUR 4 reports had been accepted by the Office of Revenue Sharing by September 24, 1974. More detailed information is presented in the tables in Section IV.

Total State-Local Expenditures

In the analysis in this section and in reading the tables in Section IV., it should be noted that general revenue sharing funds are but a part of the total revenues available to States and local governments. GRS monies provide only a fraction of the total services delivered by such general governments to their citizens. The AUR form and this publication report **only** general revenue sharing expenditures.

The following table shows the actual relationship for the period July 1, 1972-June 30, 1973, the latest for which comparative figures are available. (Note, however, that the period for which data are reported elsewhere in this publication is Fiscal Year 1974, which is July 1, 1973-June 30, 1974.)

Total Revenues of States and Local Governments and General Revenue Sharing Revenues (Adjusted for Intergovernmental Transfers) During Period July 1, 1972 through June 30, 1973

(Millions of Dollars)

Level of Government	Total Revenue	General Revenue Sharing	
		Amount	% of Total Revenue
State Governments	\$ 89,837	\$2,300	2.6%
Local Governments	127,743	4,400	3.4%
Total, All States & Local Government	\$217,580	\$6,700	3.1%

Source: U. S. Bureau of the Census

It can be seen from the above figures that as significant a new revenue as general revenue sharing is to States and local governments, it does not constitute a large proportion of the total revenues available to such governments. In the discussion of how general revenue sharing monies were used during fiscal year 1974 by these governments, the data involve only the use of GRS funds, and not the total use of all revenues available.

Some state and local government observers have expressed concern because Actual Use Reports do not account for all expenditures of recipient governments. Additionally, because general revenue sharing revenues may displace or supplement other revenues available locally, the claim has been made that the reported use of general revenue sharing funds does not necessarily include all the financial effects of general revenue sharing. For instance, if a recipient government appropriates its general revenue sharing funds to provide police services and the same government initiates a new program of health services, then the health services may be an indirect beneficiary of the use of general revenue sharing funds for police services.

The purpose of this publication, and of the reports on which it is based, is to portray the expenditure of GRS funds: that is, the purposes for which the funds were appropriated and spent by the recipient governments.

An analysis of the many different consequences of these expenditures is beyond the scope of the Actual Use Reports. Further analyses of overall financial effects, social and economic impacts and changes in intergovernmental fiscal relationships are being made by a variety of public organizations and research institutions and are being reported as findings become available.

The more complicated questions about impacts and effects of the GRS program cannot be answered for American State and local government by examining the GRS Actual Use Reports any more than an individual can find the answers to his personal financial questions by examining his checkbook. The answers to the larger questions of governmental finance lie beyond the scope of this publication.

In summary, the data and analysis of the Actual Use Reports reflect the use of general revenue sharing monies during the Fiscal Year 1974 as reported by recipient governments.

Reported Expenditures vs. Receipts

The expenditures reported by the various State and local governments may have exceeded the amounts of GRS monies transmitted to them during the same calendar period since many recipient governments had GRS funds on hand in their trust funds at the beginning of the period. This is discussed more completely later.

States, Local Governments as Service Providers

State and local governments are the principal providers of governmental and public services directly to people. Every citizen is a beneficiary of many State or local government services on a daily basis. The roads we ride on, the water we drink, the waste disposal systems we use are typically provided by State and local governments.

Often, the services we rely on most heavily in time of urgent need—police protection, fire fighting, ambulance and emergency medical assistance—are provided by States and cities. And our leisure time and recreation needs also are served by many governmental programs ranging from youth athletic facilities and activities to senior citizen programs, to playgrounds and public tennis courts.

Yet it is difficult to generalize with accuracy about such services because of the diffuse and varied nature of the units within our intergovernmental system. Some services considered essential in one town or city are not needed in another. Some States do not perform the same services as do others. Even more complicated is that some services performed by one level of government in one State area, such as a county, may be provided in other States by a city or by the State government itself.

This diversity is both a strength and a complication of our system of government. While generalizations can be made for purposes of this report about the reported use of general revenue sharing funds by recipient States and local governments collectively, individual jurisdictions cannot be compared on a direct basis with national averages.

Likewise, one cannot draw many conclusions about the use of GRS money by comparing one State to another, or one city to another. An apparent lack of utilization of funds in a particular service category by a State or city may reflect a lack of legal jurisdiction rather than a lack of interest, or it may be an indication that the recipient government or another level of government already is providing such services with other funds.

The separation of services in terms of distinct categories, while useful for the purpose of providing more descriptive information about the uses to which general revenue sharing funds are put at the State and community level, is nonetheless a limited means of describing the total multiple benefits of governmental services.

For example, it is well established that better street lighting, which might be categorized for reporting purposes as a public transportation expenditure, also has a definite impact in reducing the incidence of crime. Virtually all governmental services theoretically could be categorized as social services in that their ultimate purpose is to improve the quality of life of the citizen.

Citizen Participation in Determining How Funds Are Used

The uses to which GRS funds are put at the State and community level are ultimately decided by the elected officials who represent the people, in the same manner as the use of other State and local government tax funds are determined. Thus, after Federal income tax revenues are allocated to the State and local governments and

funds deposited in their trust funds, some formal and official action must be taken to appropriate these revenues according to State and local laws before such monies can be spent.

Citizen participation in determining how GRS funds are to be used is implicit in the program and many governments have undertaken special efforts to facilitate such involvement. For instance, the Board of Supervisors of Del Norte County, California, called special hearings before any GRS funds were spent by the county. Representatives of various county agencies, social groups, civic interest and individual private citizens were encouraged to make request for funding. The Supervisors then appointed an advisory committee including private citizens that ultimately made recommendations to the Board. As a consequence, the County spent more than half of its total GRS allocation on capital improvements for its county hospital, including X-ray tables, two beds in an intensive care ward, a fire escape, fire doors, and fire prevention sprinklers.

Similarly, in Dayton, Ohio, the City Commission scheduled special hearings in each of six neighborhoods in the city to help determine community priorities for use of the City's GRS money. As a direct result, specific program objectives were established for use of the additional resources provided the City through its GRS allotment. These included:

- Maintenance of the present level of essential services.
- Improvement of park maintenance, street maintenance, park security and fire protection.
- Free ambulance service.
- Monthly street cleaning.
- 25 additional uniformed patrolmen.
- 600 residential street lights.
- Removal of 100 nuisance structures.
- A policy youth coordinator.
- A business advocate.
- A public service careers program.
- Economic development capital improvements.

Expenditures of GRS funds in Dayton have been in accord with these community priorities.

The Office of Revenue Sharing has recently published a booklet designed to promote a better understanding of the general revenue sharing program and how citizens can get involved in the process of determining how best such funds can be used in their community.*

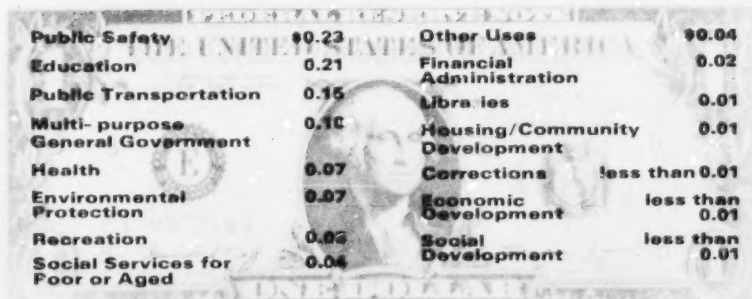
* **Getting Involved: Your Guide to Revenue Sharing.** See the list of Office of Revenue Sharing publications on the inside back cover for information on how to order.

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Services Supported by General Revenue Sharing Funds During the Period July 1, 1973-June 30, 1974—Overview

By combining State and local government reported expenditures for the past fiscal year, we can obtain an overview picture of how the average general revenue sharing dollar was spent by these governments.

REPORTED USE OF GENERAL REVENUE SHARING 1973-1974



Public Safety	\$0.23	Other Uses	\$0.04
Education	0.21	Financial Administration	0.02
Public Transportation	0.15	Libraries	0.01
Multi-purpose General Government	0.10	Housing/Community Development	0.01
Health	0.07	Corrections	less than 0.01
Environmental Protection	0.07	Economic Development	less than 0.01
Recreation	0.04	Social Development	less than 0.01
Social Services for Poor or Aged	0.04		

Public Safety	23¢	Other Uses	4¢
Education	21¢	Financial Admin.	2¢
Public Transportation	15¢	Libraries	1¢
Multi-purpose General Government	10¢	Housing/Community Development	1¢
Health	7¢	Corrections	Less than 1¢
Environmental Protection	7¢	Economic Development	Less than 1¢
Recreation	5¢	Social Development	Less than 1¢
Social Services for Poor or Aged	4¢		

In total, more than 6 billion GRS dollars (\$6,716 million) were reported as used by States and local governments during the period from July 1, 1973 to June 30, 1974.

Each category of governmental service is discussed briefly below to provide more understanding about how GRS money was utilized.

Public Safety—23¢

Of each general revenue sharing dollar spent during Entitlement Period 4 by recipient governments, 23¢ was used to support public safety services to citizens. The actual total of such expenditures was more than one and one-half billion dollars, or about \$7.31 for every

man, woman and child in the Nation,* and included both operating/maintenance and capital improvement expenses.

Nearly 80% of such funds were spent in the operation and maintenance of public safety services to provide citizens with protection 24 hours of each day against personal harm or damage to or loss of their property. Operating and maintenance funds include all of the expenses involved in providing uniformed police officers continuously in the community and on the highway, as well as fire fighters available to respond to every fire alarm and emergency governmental service that fortunately not every citizen has occasion to need. It also includes many other services that are less visible but more common.

Salt Lake City, Utah spent \$3.5 million of its GRS funds for salaries of police officers and fire fighters. Also, within the police and fire services are such important but behind-the-scenes persons as investigators, crime laboratory specialists, and others involved in the day-to-day detail that leads to the detection and apprehension of criminals. Traffic control; vehicle inspection; emergency ambulance and other rescue services; records management; harbor patrol; identification of persons and property; and the operation and maintenance of emergency communications networks are but examples of police protection services.

Many studies have shown that police officers spend much of their time helping citizens in a variety of ways not directly related to fighting crime and often much less glamorous than the exciting portrayals dramatized on television and in books. Such public services as assisting disabled motorists, searching for lost children, rendering first aid at accident scenes, delivering babies, rescuing pets and children from dangerous places, working with teenagers in prevention of juvenile delinquency and drug abuse, community relations and myriad other activities typify the work day of the State and municipal police officers whose salaries, equipment and support are paid for in part by revenue sharing funds.

Similar public services in many communities are provided by fire fighters, in addition to battling actual fires. Often they are busy with fire prevention inspections, training in the use of complicated equipment, cleaning up after fires, and conducting fire prevention programs. Many fire departments are made up largely of volunteer members who serve for little or no pay.

Purchase of fire trucks and other expensive, modern, technological equipment are typical public safety capital expenditures which account for about 22% of all the general revenue sharing funds used in this category. Providence, R.I., for example, purchased 50 new police cars with GRS money. Other typical capital expenditures are the building or renovation of police and fire stations, often in new

* Per capita calculations are based on a U. S. Bureau of the Census provisional estimated total population for the United States of 210 million for 1973.

suburban locations, to bring the delivery of these services closer to the citizen. And, of course, the necessities of fire hydrants and adequate water supply for fire fighting represent permanent improvements in this category.

Additional public safety programs, often less well-identified with public safety than are the so-called uniformed forces, are such citizen and consumer protection activities as building, plumbing, electrical, elevator, boiler and other inspections activities; validation of weights and measures; testing of gasoline; and the licensing of occupations, vendors, and others who are in business to serve the public.

Education—21¢

A fundamental responsibility of government is to provide for the education of its citizens of all ages. 21¢ of each Federal income tax dollar returned to the States and local governments by general revenue sharing went to support public educational services.

This use of GRS funds amounted to \$6.58 per person nationally in 1973-74.

Although not included in the reports furnished to the ORS, it is probable that much of the GRS money spent for education by the States actually was passed along through transfer payments to local governments and school districts in support of primary and secondary school systems. This is the case with the use of other Federal and State monies spent for education. The U.S. Bureau of the Census reports that the States, using both their own tax revenues as well as Federal dollars earmarked for education use by the States, provided 45% of all funds spent by local governments for this purpose in 1972-73.*

In addition to assisting local school systems, the States provide funds for growing systems of state higher education at both the junior and senior college levels. Other State education programs include vocational schools and programs for the handicapped.

School construction costs continue to increase and capital investment of this kind is the only educational use which local governments can make of their own general revenue sharing receipts. GRS monies passed along from the States to school or other units are not similarly restricted.

Public Transportation—15¢

Helping to meet the burgeoning public transportation needs of 210 million Americans is an important use of general revenue sharing funds, accounting for 15¢ of every GRS dollar spent by State and local governments during Entitlement Period 4.

* U. S. Bureau of the Census, Governmental Finances in 1972-73 Series GF 73-No. 5, U.S. Government Printing Office, Wash., D.C. 1974 Pg. 7

This usage amounted to \$4.72 per capita annually.

During a preceeding but similar 12-month period (July 1972-June 1973) total State and local governmental spending for roads, streets and highways alone from all revenues including GRS amounted to \$360 per person.

General revenue sharing funds in support of public transportation services go much farther than providing streets and highways, as important as these are.

About half (53%) of all GRS monies used nationally for public transportation was spent on permanent facilities and equipment that will last for years. Typical public improvements in this category of use are new bridges, tunnels, and harbor and waterway improvements; construction of new rapid transit facilities and the purchase of new trains and buses; runways, lighting and improvements to passenger terminals at many State and municipal airports; new ferries and terminals for better water transportation; new traffic lights, signs and signal systems; as well as the paving, reconstruction, new construction and better drainage of roadways.

The maintenance of new as well as existing public transportation facilities and the operation of many public transportation systems account for nearly half of the funds used in support of public transportation.

GRS funds help pay the wages and salaries of highway crews who keep roads open regardless of the weather; for the operation and maintenance of public transit equipment and for the employees who run them; for those who clean catch basins as well as for the services of a ferry boat captain. Usage of public transit systems is on the increase due to the energy shortage, but the same shortage has greatly increased the costs of fuel for operation of this equipment, also.

Thus, general revenue sharing dollars help State and local governments get their citizens to work, to school, to the doctor, or wherever they need to go.

Multi-purpose and General Government—10¢

Ten percent of general revenue sharing funds spent in fiscal year 1973-74—10¢ of every GRS dollar—went to support executive, legislative and judicial branches of States and local governments. This amounted to a national expenditure of about \$3.04 per person.

Local governments may make only capital improvement expenditures in this category under provisions of the general revenue sharing legislation.

Many of the services provided in this category vitally influence our lives since it includes the law-making branch of our State and local governments. It also affects all of the other services of the over 39,000 GRS recipient governments since this category includes the executive branch of the States, the governors and their support staffs that help plan and direct the administration of State

governments and all their services, including State aid to local governments.

In addition, this category includes our judicial system of State and municipal courts, which is more important than ever as its judges attempt to cope with the problems of people in an increasingly more urban and complex society.

Our city halls, State capitols and court buildings typically house these officials. Since three-fourths of all general government expenditures and all local government expenditures in this category went for capital improvements during the period covered, it is likely that such monies literally were spent on these public buildings. Such public facilities as new court rooms, public hearing rooms, new office buildings to house new and expanding State and local government public services, and the renovation of existing facilities to more adequately meet the demands of modern times may have been accomplished all or in part with GRS monies.

For example, Riverside County, California, plans to construct several new general purpose public structures with its GRS funds in this category.

One-quarter of GRS funds expended for general government was spent for operations and maintenance of the State capitols and other State public buildings and for the personnel who work in them.

Environmental Protection—7c

At a time when public appreciation of the need to protect, preserve, conserve and enhance our natural environment is on the increase, State and local governments often provide the principal services and sometimes the only services that actually do so. Use of general revenue sharing funds by these governments for environmental protection amounted to 7¢ of every GRS dollar spent during the 1973-74 fiscal year.

Funds were used about equally for operation and maintenance (48%) and capital improvements (52%). Total GRS expenditures for environmental protection services nationally by State and local governments amounted to about \$2.32 per person in the 1973-74 Entitlement Period.

Some environmental protection services and facilities are ones through which States and local governments deliver direct services to citizens. Examples are the collection and sanitary disposal of solid wastes, the provision of sewer systems and the treatment of sewage, and the delivery of safe drinking water into homes and places of work.

For example, Corpus Christi, Texas, purchased and installed highly technical equipment to detect and analyze different pollutants in water. It also spent \$15,000 to purchase additional equipment for the city's mosquito abatement program. Hutchinson, Kansas, purchased two used trucks on which to mount mosquito fog machines.

Norfolk, Virginia, purchased important expensive valves and other controls for its public water supply system.

Environmental protection also is accomplished by States and local governments establishing and enforcing minimum standards for quality of the air we breathe and the lakes and streams we enjoy so as to prevent the pollution of these natural resources. Additionally, States and local governments are actively engaged in programs to clean up waterways and other natural resources that already have become polluted.

Health Services—7¢

The maintenance of public health and providing health services directly for citizens is a vital responsibility of State and local governments. It accounted for the use of 7¢ of every GRS dollar during Entitlement Period 4, amounting to about \$2.27 per person nationally.

Approximately 60% of this money went toward the operation and maintenance of health facilities and services which include public health clinics, city and State hospitals, the work of sanitarians and public health nurses, doctors, and support personnel; communicable disease control programs; sanitary inspection of restaurants, barber shops, beauty salons; and other personal service establishments; testing of public drinking water and waste treatment facilities; child and pre-natal health programs; and other services such as public health laboratories.

The remaining 40% was spent for permanent improvement of health facilities such as new hospitals or hospital additions; new and increasingly more expensive medical equipment for health care facilities; and the construction and renovation of health centers and clinics.

Santa Clara County, California, spent more than half of its general revenue sharing funds on various health and related programs. The Department of Health has hired three nutritionists. A mobile health unit which will patrol the county seeking to abate health dangers has been purchased at a cost of \$175,000. A drug abuse prevention program has been established. Three half-way houses have been funded with GRS monies to help in the rehabilitation of alcoholics. A new rat control program has been initiated. The county also allocated \$50,000 to enable county health centers to meet their rental payments. Nearly \$900,000 in GRS monies has been spent on capital improvements in the health field in this same county, including purchase of a machine to treat patients with kidney problems.

Recreational & Cultural Programs—5¢

As the workweek gets shorter and the pressures of daily living increase, greater numbers of Americans seek leisure time activities for their relaxation and cultural enrichment. Providing support for

these programs and facilities by States and local governments utilized 5¢ of every GRS dollar spent during the 1973-74 period, amounting to about \$1.44 per person.

Increasingly, recreation and cultural programs provided by State governments and by counties, cities, and towns are intended to appeal to the varied interests represented in the total community. In addition to providing athletic events and facilities for year-round participation in such sports as tennis, football, basketball, and baseball, recreation programs now include activities for the family and the senior citizen too. Providing parks and community recreation centers helps meet the needs of citizens of all ages and interests.

Providing recreation and cultural services in the community is no longer considered extraneous or a marginal function of State and local government, either. Especially in heavily populated areas, such facilities and program opportunities may be the only ones that a majority of residents can get to and afford.

States and local governments are providing cultural activities including concerts and museums; and are organizing programs that preserve the heritage of the past for the enlightenment of today's citizens.

General revenue sharing funds help support these services.

Norfolk, Virginia, spent \$1 million of its GRS money on an expansion of its existing art museum. Burlington, Vermont, built an ice rink, a beachhouse for public use on neighboring Lake Champlain and purchased \$50,000 of new park maintenance equipment. Lancaster County, Pennsylvania, provided a summer arts festival with part of its GRS funds, and organized trips for its citizens to visit museums in nearby metropolitan cities. In Salem, Oregon, two softball fields were improved with new lighting and bleachers. Indianapolis, Indiana, allocated \$4.4 million of its GRS money toward construction of a \$20 million sports arena.

All Other Services—12¢

The services already described account for 88¢ of every general revenue sharing dollar spent during the 1973-74 Entitlement Period. Even though other services described were not the principal uses nationally of general revenue sharing monies, it is entirely possible that a given community, county or State used a majority of its GRS funds in this way.

(a) Social Services for the Poor or Aged—4¢

Because the legislation defines this "priority expenditure" category as limited precisely to those social services that directly benefit the poor or aged, social service programs serving the general population are reported elsewhere. The tendency is to under report

State and local government social services in this category and for them to lose identity in other classifications.

For example, a new mini-bus service established in a community to transport citizens on an on-call basis from home to doctor, or to the store, neighborhood center, or other community facility—while likely to be of great appeal to the elderly and the poor—may be reported as a public transportation expenditure by the government paying for the program because of the difficulty and expense involved in precisely accounting for the age and income of citizens using the service. Likewise, operating expenses of a well-baby clinic opened in a low income neighborhood may be reported as a health expenditure because of the constraints against having to determine the income levels of the clientele.

Social service programs directly benefiting the poor or aged nonetheless accounted for the expenditure of nearly \$262 million of GRS funds by States and local governments during Entitlement Period 4. About 80% of these funds went for operating and maintenance expenses. Total program costs for this category amounted to 4¢ of every GRS dollar.

Examples of actual uses of GRS funds in this category include: in Gadsden County, Florida, a county transportation service called "Vehicle" to enable the poor and elderly to get to and from medical facilities. The same county hired a person to work with the poor and elderly interested in building their own homes, to help them find loan funds, building materials and make other necessary arrangements. Charlottesville, Virginia, initiated a senior citizens program of recreation and other leisure time activities. In Richland County, South Carolina, the Council on Aging was funded from GRS monies and two walk-in clinics for indigent citizens were moved to more accessible locations with GRS dollars.

(b) Financial Administration—2¢

About 2¢ of every GRS dollar went to improve the financial management of the recipient government. These uses help ensure better administration of the local property tax and other local and State taxes, better investment of public funds, prompt collection of monies due the cities and States, and accurate payment due others by such governments. Also included are purchases of automated equipment to achieve greater operating efficiency and productivity.

(c) Libraries—1¢

Another important governmental service to citizens is the system of free public libraries at both the local and State levels. The costs of purchase, cataloging, and circulating library books are steadily on the increase; but so is readership. General revenue sharing made \$81 million available for public libraries in this country during 1973-74.

(d) Housing and Community Development—1¢

Nearly two-thirds of the approximately \$75 million of GRS funds spent nationally in this category of programs was invested in permanent improvements. Such funds can be spent at the State and local level to accomplish what other existing programs can not do to encourage repair of sub-standard housing units, construction of new housing, and encourage development of the community by private capital.

(e) Corrections—Less than 1¢

Long a neglected element of State criminal justice systems, increasing awareness of the importance of establishing rehabilitation programs may account for some of the \$42.5 million used by the State governments in this category during the period just ended. Nearly 60% of the monies were used in operating and maintenance of programs rather than in facilities construction, suggesting the increasing use of probation, parole, work release and other programs in addition to incarceration. In addition, GRS expenditures in this category may have helped support special programs for juvenile and female offenders.

(f) Economic Development—Less than 1¢

Local governments utilized \$28 million of their GRS funds for capital improvements designed to promote the economic development of the community, while States spent about \$9 million of their GRS funds for this purpose, a total use of nearly 1¢ of every GRS dollar. Local governments were free to spend their GRS money for any capital expenditure lawful under State statutes to promote economic development, which could include the construction of an industrial building for a prospective tenant, the development of an industrial park, and other permanent improvements of similar nature. State governments were free to promote tourism, organize economic development interests and otherwise stimulate the growth and prosperity of the economy of the State through operation of development programs as well as capital improvements.

(g) Social Development—Less than 1¢

Nationally, States and cities spent \$18 million on permanent improvements for social benefit of their citizens not otherwise included in one of the categories previously discussed. Such use of funds typically have included the construction or renovation of social centers where citizens can come to watch television, play cards, visit with their friends, take part in games, and participate in other community social activities within their neighborhoods.

(h) Other Services—4c

Under the general revenue sharing program, State and local officials can use their entitlement funds in innovative and responsive ways to meet community needs. A total of \$253 million of GRS monies was spent nationally for services not included in the preceding categories. Nearly all of these funds (93%) were spent for operation and maintenance of programs rather than for purchase of equipment or improvement of facilities.

Most of the expenditures in this category were by State governments. For instance, the State of Maryland put \$30 million into its State retirement system and reported that in so doing it had averted a rate increase of a major state tax. The State of New Jersey appropriated \$133.6 million to its General State Fund where it was expended in meeting part of that major State government's total obligations. It also reported that such uses also prevented both tax increases and new taxes in that State. The State of Arizona spent more than \$35 million in providing tax relief to its citizens, directly reducing the rate of a major state tax. The State of Minnesota allocated some of its GRS funds to paying interest and principal on state debt.

Reported Use of Federal Revenue Sharing By States and Local Governments During the Period July 1, 1973-June 30, 1974

The discussion of the use of GRS funds to this point has been from the overall national viewpoint of services provided citizens by all State and local governments. There are some variations, however, between the two levels of government and among the types of local governments in their use of entitlement funds.

As was discussed earlier, there are some obvious reasons for such differences in allocation. One explanation is that States receive only one-half as much as the funds allocated by the general revenue sharing legislation to local governments. Another aspect is that States can exercise complete discretion as to the use of their entitlement monies while local governments are bound to observe the "priority expenditure" categories in the use of their entitlement funds for operation and maintenance of services. Another factor is the differing shared responsibilities of the States and their subdivisions. Within a particular State boundary, State government may have pre-empted local governments from most responsibilities in a given category—public health services, for example—while in another State, local governments may be important providers of health services.

Nonetheless, some generalizations can be made. (For more detail, see the data presented in Tables 2 and 3 in Section IV.)

States Compared with Local Governments

As a group, States spent a majority of their GRS funds—52¢ of every State GRS dollar—on education. As we have discussed already, much of this money was undoubtedly passed along to local governments or to school districts for primary and secondary school support. School districts are not eligible to receive general revenue sharing funds directly since they are not general purpose governmental units.

Otherwise, States spent most of their remaining GRS monies about evenly among public transportation services (8¢), public and institutional health programs (8¢), to support the operation of the three branches of State government (general government—7¢), and social services for the poor and aged (7¢).

During the same period, all local governments as a group allocated more funds to public safety (36¢) than to any other single category. Public transportation services and facilities accounted for another 19¢ of every local GRS dollar spent, while capital expenditures for general government purposes—typically ones for which there are no other federal assistance programs available—accounted for an additional 11¢ of every GRS dollar.

Environmental protection uses followed closely, approximating another 11% and about evenly divided between current expenses and capital outlay. Health services accounted for another 7% of local government GRS funds as did recreation uses.

The remaining 9% of local GRS funds were divided among the remaining categories with all priority categories receiving some allocation. More than 86% of all local government uses of GRS monies during Entitlement Period 4 were in the "priority expenditure" categories, while the remaining 14% was used for capital improvements in other program areas.

Among Local Governments

All four types of local government units—counties, cities, townships, and Indian tribes and Alaskan native villages—agreed in their number one priority allocation of general revenue sharing funds for public safety uses. For **cities** especially, it was the single most significant use of GRS funds, taking nearly half (46%) of all GRS city monies and exceeding the next four use categories combined (public transportation—15%, environmental protection—14%, recreation—8%, and multi-purpose general government—7%).

Counties with large geographic areas to serve allocated nearly as much GRS money to public transportation uses (23%) as they used for public safety (23%).

Townships also with large and typically more rural areas in which to serve a more dispersed population likewise used their GRS money first for public safety purposes (32%) and second for public transportation (29%).

Indian tribes and Alaskan native villages used their GRS funds first for public safety (18% of total), but otherwise expenditures were more evenly distributed. Financial Administration (14%), general government (11%), social services for the poor or aged (10%) and housing/community development uses (10%) predominated.

Regional Variations in the Use of GRS Funds

July 1, 1973 through June 30, 1974

In order to determine if there were significant regional differences in the reported use of GRS funds by all States and local governments in the four major geographic regions of our country (Northeast, North Central, South and West), the reported use data were tabulated by regions and compared with the national averages for such governmental uses as reported above. (See Table 8, Section IV.)

Nationally, all States and local governments used about 60% of their available GRS funds on three categories of governmental services. In order of priority, they were public safety (23%), education (21%), and public transportation (15%).

On a regional basis, all States and local governments tended towards the same priorities. In three of the regions, the same three priority categories accounted for a majority of total funds expended. Only in the West was there a slight variation.

The trends for each region as compared with the national averages and other regions are summarized below, beginning with the Northeast.

Northeastern Region

The Northeastern region is made up of the New England States of Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island, as well as New York, New Jersey and Pennsylvania. The predominant uses of GRS monies by State and local governments in this sector of the country followed the national trends. Nearly one-third of total regional GRS expenditures went for public safety services, the greatest percentage expended by governments in any region on a single priority category and also exceeding the national average percentage.

Expenditures for public transportation narrowly exceeded education uses for second ranked priority use of GRS monies in this region, although each accounted for about 13¢ of every GRS dollar spent in 1973-74. The top three uses accounted for 54% of total GRS expenditures in the Northeast.

North Central Region

The States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin are included in the North Central Region. Here, the same three categories of uses accounted for nearly two-thirds (63%) of all GRS funds expended during Entitlement Period 4, but the order of priority varied from the national rankings.

Educational expenditures topped the list of uses of GRS funds in this region, with 25% of total funds expended in this category. Public safety uses followed very closely (24%), actually exceeding the average national expenditure percentage. These two use categories accounted for nearly half of all GRS funds spent in the North Central area during the period. The third most prevalent use, public transportation, utilized another 14% of the region's GRS funds.

Southern Region

The Southern region includes the District of Columbia, and the States of Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

While the same three uses accounted for a majority of all GRS funds expended in this region, their order differed from the national average and from the other regions. Public transportation accounted for the largest single use of GRS monies, about 20% of each GRS dollar spent. Following so closely behind as to approximate the same percentage of total GRS funds expended was education services. Public safety was the third highest use of funds (13%) in this region, the lowest percentage of any region and well below the national average.

Western Region

The Western region, made up of the States of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming, presented minor variations from other regions. While coinciding with the national trends in the top two priority categories of use—education getting 27% of GRS expenditures and public safety garnering 22%—multi-purpose general government was the third most prevalent expenditure use, taking 10% of total GRS Western region expenditures. Public transportation followed closely behind with 9% of GRS funds expended, but the Western region spent less on this category than did any other region both in actual dollars and a percentage basis as well.

* * * * *

While there were minor variations in the rank order of priority use of funds by State and local governments within each of the four major regions of the country, the tendency was to use GRS funds

at the regional level in about the same manner as characterized the national averages. Use of GRS funds at the regional level was similar to the national usage, considering the potentially great divergence possible. Variations generally amounted to minor incremental differences.

Impact of Actual Use of GRS Funds on Governmental Taxes of States and Local Governments

Chief executives of reporting States and local governments were asked to provide information about the impact GRS funds had on taxes levied by their governments. To facilitate an organized collection of data, respondents were given four possible answers to the question:

"Has the availability of revenue sharing enabled your government to:

- () Prevent new taxes
- () Reduce taxes
- () Prevent increased taxes
- () Maintain current tax levels?"

Twenty-five (25) responses to the question from State government chief executives were received while 42,107 responses from local government officials were obtained. Multiple responses from a single governmental unit were permitted, reflecting the diverse and pervasive effect of general revenue sharing on States and localities.

Since the States are a separate level of government with distinct characteristics of taxation that differ from their local government subdivisions, their data are analyzed separately here. (See Table 9.)

Replies from governors indicate that 60% were able to reduce State taxes by virtue of their receipt of general revenue sharing monies, thus passing the benefits of GRS directly along to taxpayers. Twenty percent (20%) of the States also have been able to prevent new taxes. Three of the 25 States (12%) reporting indicated GRS funds enabled them to maintain current tax levels while two reported such funds prevented a State tax increase.

For local governments responding, the impact of GRS monies on their tax structure was exactly opposite that of the States. Only 4% of chief executives at the county, city, township and Indian tribe/Alaskan native village level reported any reduction of local taxes. Instead, 35% of more than 42,000 local government responses indicated GRS monies had prevented new taxes and nearly the same number (34%) reported local taxes had been maintained at current levels. A significant number (27%) indicated that GRS receipts had prevented new taxes at their level of government. No significant variations in these responses among the various local government groups were observed.

Impact of Actual Use of GRS Funds On Debt During Entitlement Period 4

Chief executives of States and local governments were also asked to report the impact of GRS monies on the debt of their governments. Two possible answers were provided:

"Has the availability of revenue sharing funds enabled your government to:

- () Prevent new debt
- () Reduce old debts?"

Twenty-nine (29) responses from governors and the 12,713 replies received from local government chief executives exhibited a high degree of agreement. Eighty-four percent of both **State and local government** officials reported that the impact of GRS funds had been to prevent new debt. Only six of the States and 16% of the local governments reported its effect was to reduce old debt.

Trust Funds Management

Recipient States and local governments must establish trust funds in which to initially deposit entitlement monies until they are appropriated for actual use and ultimately expended. Chief executives were asked to provide details as to the status of the trust funds for their respective jurisdictions.

All States and all local governments as a group expended more general revenue sharing funds (113%) during the period July 1, 1973-June 30, 1974 than they received. This was possible because they had not been able to utilize all their entitlement funds during the accelerated start-up of the program when initial payments were made for retroactive periods. (See **General Revenue Sharing—First Actual Use Report** published in March, 1974, by the Office of Revenue Sharing for more detail.) Therefore, many governments had substantial balances on hand at the beginning of the Entitlement Period 4.

An additional factor which enabled States and localities to utilize more GRS funds than they received during the period was the substantial investment revenue earned by them during 1973-1974. Interest earnings reported to the ORS (See Table 11) amounted to more than \$387 million. These funds were available for expenditure by States and local governments in the same manner as are GRS funds received directly from the Federal government.

It is impossible to estimate the percentage return on investment that this sum represents since the flow of monies (i.e. principal) in and out of the various jurisdictions' trust funds vary a great deal. The aggregate sum of money earned as interest by such governments is an additional and substantial benefit of the general revenue sharing program, amounting to more than a million dollars in interest earned every day during Entitlement Period 4.

Comparison of Reported Use of GRS Funds by All States and Local Governments In Entitlement Periods 1, 2 and 3 with Period 4

Although the principal intent of this publication is to report the use of GRS funds during the period July 1, 1973 to June 30, 1974, it is reasonable to inquire whether the use of funds during this period differed significantly from uses in prior periods.

For this purpose, summary data on the use of GRS funds since the inception of the program to June 30, 1973, as reported in the first Annual Use Report (AUR) were compared with the data for Entitlement Period 4 as presented in this publication. See Table 12 in Section IV for detail.

First, some cautionary notes: The first Annual Use Report data include uses over a period of 18 months. Entitlement Periods 1, 2 and 3 were for six months each during the calendar year 1972 and the first six months of 1973. Second, the initial AUR includes the very early period of implementation of the General Revenue Sharing program and many States and communities were unfamiliar with the program and the great discretion which it allows in the use of funds by State and local governments.

In spite of these precautions, there is considerable congruity of reported uses of general revenue sharing funds between the two report periods. A tabulation of the reported uses of GRS funds for both periods listed in rank order of priority based on allocation of funds as a percentage of total expenditures (see Table 13) shows that the same three priority uses of GRS funds—public safety, education and public transportation—accounted for about 60% of all GRS monies expended (59% in Period 4, 62% over Periods 1, 2 and 3).

Further examination of the data reveals that while total expenditures in the 12 month period ending June 30, 1974, were more than twice (\$6,616 million as compared with \$2,817 million) the amount expended in the 18 month period ending June 30, 1973, the rank order of all reported uses is very similar.

Use of GRS Funds During 1973-74, A Comparison of Capital vs. O/M Expenditures

Data summarizing the use of GRS funds for operation and maintenance of services as compared with expenditures for capital improvements have been prepared. See Table 14 in Section IV.

During Entitlement Period 4, State governments tended strongly toward the use of their entitlement funds for the operation and maintenance of State government service programs (82%) as compared with capital expenditures (18%).

Local governments, however, tended towards a more even utilization of their funds between operation and maintenance expenditures (52%) and permanent improvements (48%).

Expenditures for all State and local governments during Entitlement Period 4 for operation and maintenance tended to be almost twice (63%) that spent on capital items (37%). This is approximately the same relationship of expenditures reported also for the first 18 months of the program, for all governments (67% operation and maintenance, 33% capital investments).

Comparison of Planned Use Report Data with Reported Actual Use Data

Although this report concentrates primarily on data about the expenditure of general revenue sharing funds by States and local governments, recent AUR data were compared with recent data from Planned Use Reports (PUR) for Entitlement Period 5 (July 1, 1974 to June 30, 1975) to determine if significant variations in uses of general revenue sharing funds by these governments might be anticipated in the current period.

This tabulation is presented below:

A COMPARISON OF AUR 4 WITH PUR 5 DATA (Indicating Percentage of General Revenue Sharing Funds Allocated to Services by States and Local Governments)

Uses	PUR 5 *	AUR 4 **	Change in PUR 5
Public Safety	23%	23%	—
Environmental Protection	7	7	—
Public Transportation	12	15	-3
Health	6	7	-1
Recreation	5	4	+1
Libraries	2	2	—
Social Services for the Aged or Poor	2	4	-2
Financial Administration	2	2	—
Multi-Purpose and General Government	12	9	+3
Education	20	20	—
Social Development	0	0	—
Housing and Community Development	1	1	—
Economic Development	1	0	+1
Other	5	4	+1

* PUR 5 = Planned Use Report 5 data for the period July 1, 1974-June 30, 1975.

** AUR 4 = Actual Use Report 4 data for the period July 1, 1973-June 30, 1974.

Of the top three uses of GRS funds, only public transportation apparently may be less well funded during Entitlement Period 5 with a planned 3% reduction indicated in the PUR 5 report. Both public safety services and education uses are planned for the same percentage allocation of GRS monies in 1974-75. The other indicated area of greatest change in use of GRS funds is that of multi-purpose and general government services on which States and local governments are planning to spend 3% more entitlement funds during the fiscal year ending June 30, 1975.

Planned Use Report Data

A comparison of Planned Use Report data for Entitlement Periods 4 and 5 (equivalent to Federal fiscal years 1974 and 1975) indicates that the proportion of general revenue sharing funds needed to operate and maintain programs is increasing. The percentage of shared revenues earmarked for capital expenditures is decreasing.

COMPARISON OF PLANS TO USE SHARED REVENUES FOR CAPITAL VERSUS OPERATING AND MAINTENANCE EXPENDITURES

ALL RECIPIENT GOVERNMENTS
(as a percent of total funds allocated)

	Entitlement Period 4 (7/1/73-6/30/74)	Entitlement Period 5 (7/1/74-6/30/75)
Capital Expenditures	41%	37%
Operating & Maintenance Expenditures	59%	63%

ANTICIPATED EFFECTS ON TAX RATES PLANNED USE REPORTS: ENTITLEMENT PERIODS 4 AND 5

(July 1, 1973-June 30, 1974 and July 1, 1974-June 30, 1975)

	Period 4	Period 5	Change in Period 5
Reduction of Major Tax	4%	4%	0
Prevent Increase of Major Tax	28%	36%	+ 8%
Prevent Enacting Major Tax	12%	15%	+ 3%
Reduce Amount of Tax Increase	8%	11%	+ 3%
No Effect on Tax Levels	26%	35%	+ 9%
Too Soon to Predict	29%	—	- 29%

NOTE: Some governments indicated that shared revenues would affect their tax rates in more than one of the categories listed above.

The data also demonstrate the intent of officials of recipient governments to spend their shared revenues in such a way as to avoid adding to State and local tax burdens. For Entitlement Period 5, particularly, only 35% of all recipient governments reporting indicated that the money would not affect their tax levels. The remainder anticipate being able to reduce or hold the line on taxes, given general revenue sharing funds.

There are no significant variations in the amounts planned to be spent in particular areas of activity. However, slightly more money is planned to be spent in support of public safety than in the field of education for Entitlement Period 5 than was the case for the preceding year.

COMPARISON OF PLANNED USES OF SHARED REVENUES
Entitlement Period 4 (July 1, 1973-June 30, 1974) and 5 (July 1, 1974-
June 30, 1975)
ALL RECIPIENT GOVERNMENTS

Categories of Expenditure	PUR 4	PUR 5	Change in PUR 5
Public Safety	19%	23%	+4%
Environmental Protection	7%	7%	—
Public Transportation	14%	12%	-2%
Health	9%	6%	-3%
Recreation	6%	5%	-1%
Libraries	1%	2%	+1%
Social Services/Aged or Poor	2%	2%	—
Financial Administration	2%	2%	—
Multi-Purpose/General Government	10%	12%	+2%
Education	21%	20%	-1%
Social Development	0%	0%	—
Housing/Community Development	1%	1%	—
Economic Development	0%	1%	+1%
Other	5%	5%	—

BEST COPY AVAILABLE

GENERAL REVENUE SHARING

ACTUAL USE REPORT

④

General Revenue Sharing provides federal funds directly to local and state governments. Your government must publish this report advising you how these funds have been used or obligated during the year from July 1, 1973 thru June 30, 1974. This is to inform you of your government's priorities and to encourage your participation in decisions on how future funds should be spent.

CATEGORIES (A)	ACTUAL EXPENDITURES		THE GOVERNMENT OF
	CAPITAL (B)	OPERATING MAINTENANCE (C)	
1. PUBLIC SAFETY	\$	\$	has received General Revenue Sharing payments totaling _____ during the period from July 1, 1973 thru June 30, 1974. ACCOUNT NO. _____ ✓ (D) TRUST FUND REPORT (1) Balance as of June 30, 1973:\$ _____ (2) Revenue Sharing Funds Received from July 1, 1973 through June 30, 1974:\$ _____ (3) Interest Earned:\$ _____ (4) Total Funds Available:\$ _____ (5) Total Amount Expended:\$ _____ (6) Balance as of June 30, 1974:\$ _____ (E) The news media have been advised that a complete copy of this report has been published in a local newspaper of general circulation. I have articles documenting the contents of the report and they are open for public scrutiny at _____.
2. ENVIRONMENTAL PROTECTION	\$	\$	
3. PUBLIC TRANSPORTATION	\$	\$	
4. HEALTH	\$	\$	
5. RECREATION	\$	\$	
6. LIBRARIES	\$	\$	
7. SOCIAL SERVICES FOR AGED OR POOR	\$	\$	
8. FINANCIAL ADMINISTRATION	\$	\$	
9. MULTIPURPOSE AND GENERAL GOVT	\$	\$	
10. EDUCATION	\$	\$	
11. SOCIAL DEVELOPMENT	\$	\$	
12. HOUSING & COMMUNITY DEVELOPMENT	\$	\$	
13. ECONOMIC DEVELOPMENT	\$	\$	
14. OTHER (Specify)	\$	\$	
15. TOTALS	\$	\$	

NONDISCRIMINATION REQUIREMENTS HAVE BEEN MET

(F) CERTIFICATION: I certify that, as the Chief Executive Officer and with respect to the expenditure funds reported herein, I certify that they have not been used in violation of either the priority expenditure requirement, Section 108, or the matching funds prohibition, Section 104 of the Act.

Signature of Chief Executive _____ Date _____

Name and Title _____

IMPORTANT: THE UPPER HALF OF THIS PAGE MUST BE PUBLISHED (SEE INSTRUCTION H)
It is not required that the lower half of this form be published.

(G) Has the availability of Revenue Sharing funds enabled your government to:

- ☐ Present new taxes
- ☐ Reduce taxes
- ☐ Present increased taxes
- ☐ Maintain current tax levels
- ☐ Present new debts
- ☐ Reduce old debts

(Check as many as apply.)

THIS REPORT MUST BE RECEIVED

BEFORE SEPTEMBER 1, 1974 BY:

OFFICE OF REVENUE SHARING
1900 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20226

ORS FORM NO. 3231 MAR 1974

(H) PUBLICATION (refer to instruction G)

The upper part of this report was published in the following newspaper on the stated date _____ a cost of \$ _____

Name of Newspaper _____

Date Published _____

DO NOT WRITE IN THIS SPACE
FOR REVENUE SHARING USE ONLY

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

GRASP
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OMB NO. 048R0506

ORIGINAL COPY (including card attached on back) SEND TO OFFICE OF REVENUE SHARING

III. THE ACTUAL USE REPORT AND DATA

The Actual Use Report (AUR) is required by law of each State and local government which receives revenue sharing entitlement funds and is the source of data reported in this publication. Intentionally, the Office of Revenue Sharing (ORS) has kept the report form brief and simple to minimize the administrative burden on the responding States and local governments and to promote clarity of information.

The Actual Use Report Form—Source of Data

A copy of the Actual Use Report must be filed with the Office of Revenue Sharing within 90 days after the end of the entitlement period to which it pertains. This publication reports and analyzes data recorded on Actual Use Report 4 for Entitlement Period 4 covering the period July 1, 1973 to June 30, 1974. Of these reports 34,538 had been accepted by the ORS as of September 24, 1974 and are the source of the data tabulated and reported in this publication.

The upper part of the form as shown on the illustration is also required to be published in a newspaper of general circulation in the State or in the community served by the government before the AUR is sent to the Office of Revenue Sharing. The reports must be kept on file by the various governments and made available to the public for inspection. The additional data contained on the Report are not required to be published locally but have been summarized and analyzed for this publication.

The Actual Use Report contains the following information:

(A) Actual Expenditure Categories. Lines 1 through 8 are "priority expenditure categories" discussed earlier as required of all local governments for expenditures for operating and maintenance purposes. States and local governments were asked to report their capital expenditures by the same categories and in addition were given five additional descriptive reporting categories: multi-purpose and general government, education, social development, housing and community development, and economic development. For capital expenditures that did not fall into any of the descriptive categories, the reporting jurisdiction was asked to describe the purpose of the capital expenditure as item 14, Other.

When, in the judgment of the ORS as each form was reviewed upon its receipt, capital expenditures reported in item 14 should more appropriately be included in one of the other more descriptive categories, the expenditure was reclassified. The data reported and summarized in this publication reflect all such reclassifications.

Reporting governments were asked to report as expenditures those funds that were spent or obligated during the reporting period. Because terminology differs from state to state, instructions accompanying the form explained that the term **obligated** means funds com-

mitted (such as by contract) or encumbered (committed). The instructions also made clear that funds reported on a prior Actual Use Report for another entitlement period were not to be reported again.

Since the reporting governments may have spent, during this period, general revenue sharing funds received and deposited in their trust funds in prior entitlement periods as well as those received during the 12-months covered by Entitlement Period 4, some recipient jurisdictions have reported expenditures greater than revenue sharing funds received during Period 4. This matter was examined more closely in the discussion of Trust Fund Management in Section II.

(B) Actual Capital Expenditures. Reporting jurisdictions indicated in column B their actual capital expenditures, relying on state and local laws and interpretations for such classification. Since the definition of what constitutes a capital expenditure varies among jurisdictions (for example, in some States and cities the purchase of typewriters would be classified as a capital expenditure while in many jurisdictions it is not), there are possible minor variations in classification of expenditures reported here.

(C) Operating Maintenance Actual Expenditures. Reporting local governments were instructed to limit their reported expenditures for operations and maintenance to those classified as "priority expenditures". Other descriptive expenditure categories (9 through 14) were blocked out on the AUR 4 form used by all local government respondents. State governments used a different AUR form to report expenditures for operations and maintenance utilizing all categories as necessary.

For discrepancies involving more than \$1,000 on individual AUR report forms submitted, the ORS discussed the problem with the responding jurisdiction and then revised the data to reflect the correct intent.

All discrepancies in reporting data, large and small, are ultimately resolved to the satisfaction of the ORS. However, not all minor discrepancies could be resolved prior to publication of this report.

(D) Trust Fund Report. The AUR 4 form asked that States and local jurisdictions report the status of their own GRS trust funds as of June 30, 1974 and transactions taking place during the Entitlement 4 period. The ORS transmitted the report forms to the recipient jurisdictions with the amount of general revenue sharing funds printed on the form as a control figure for the recipient jurisdictions.

State and local jurisdictions were asked to report the amount of interest earned during the period on the GRS Trust Fund balance (which the jurisdictions are entitled to spend in the same manner as the principal in the Trust Fund) and this further increases the amount of funds available to the States and local jurisdictions under general revenue sharing. Under the Act, recipient governments have 24 months in which to spend their entitlement funds.

(E) Certification. Each State and local government chief executive officer reporting actual use of general revenue sharing monies on the AUR 4 form signed a certificate that the government had complied with the priority use of funds set out in the law as well as with other prohibitions on use of revenue sharing for purposes of matching with other federal funds.

(F) Documentation of Data. As part of the reporting process, recipient governments must keep a copy of the completed AUR report for their jurisdiction and records documenting the contents of the report must be available for public scrutiny. The report form provides for the location of such records to be reported on that part of the form which is published in a newspaper.

(G) Impact on Taxes and Debt. The chief executives transmitting the AUR form were asked to report their opinion as to the impact of general revenue sharing funds on the tax structure (four possible results were given) and indebtedness of their jurisdictions (two alternatives were given). Because general revenue sharing monies can have multiple benefits on such governments, chief executives were instructed to check as many explanations as applied to their government.

Since the question relates to the judgment of the chief executives and their opinions regarding the future consequences of use of general revenue sharing funds on other monies of the reporting government beyond the control of the ORS, respondents were not asked to provide financial detail. An analysis of the data reported is provided in Section II.

(H) Publication. All reporting governments were asked to provide detail as to the name of the newspaper and the date of the edition in which publication of the upper portion of the AUR 4 form was accomplished.

The data contributed by the 50 States and the District of Columbia and 34,487 local governments to the ORS by September 24, 1974 provide the basis for the tables presented in Section IV and the analysis of the data in Section II. Reports received too late for inclusion in the tabulations for this publication generally involved small amounts of funds that do not affect significantly totals or the analyses of the data.

Accuracy of the Reported Data

As is discussed in more detail in the preface to Section IV, a few of the AUR forms contained obvious discrepancies in data due to typographical or other human errors. For purposes of aggregating the data for this publication, discrepancies of individual jurisdictions involving less than \$1,000 total were not considered. Since much of the data reported in Section IV has been rounded off to the nearest million dollars, the level of error is not considered significant for purposes of this publication.

IV. TABLES

Introduction to the Tables

The data included in the PUR 5/AUR 4 Summary Reports and tabulated here was collected from the Planned and Actual Use Reports, submitted to the Office of Revenue Sharing (ORS) by States and local units of government. The data were placed on magnetic tape by the Internal Revenue Data Center in Memphis, Tennessee.

The ORS Systems Division merged the tapes and performed computer edits on the data. The data edits included checking for reports which were out of balance and for keystroke errors. This method located and thus prevented major distortions of the data where amounts such as \$2,000 were erroneously keystroked as \$2,000,000.

The original report document was referred to in cases where the computer edit identified the data as being erroneous. All data incorrectly keystroked were corrected and included in the summaries. Reports which were out of balance were not included in the summaries.

The following rules applied:

Any Planned Use Reports which contained planned expenditures data not equal to the anticipated payment and the difference was greater than \$1,000 or 10%, were not included in the summaries. This involved approximately 140 Planned Use Reports.

Any Actual Use Reports, which contained actual expenditures data not equal to the amount expended on Line 5 of the Trust Fund Report and the difference was greater than 10%; or if the amount received on Line 2 of the Trust Fund Report was not equal to the pre-printed Total Payment Amount and the difference was greater than \$1,000, were not included in the summaries. This totaled approximately 275 Actual Use Reports.

Other data not included in the summaries were duplicate reports submitted by the same government. In these cases, the latest report received by ORS was used as a data source. Governments which indicated negative amounts were not included. All reports received after September 24, 1974 were not included in the summaries. Reports marked as "amendments" or "corrections" were not included.

TABLE 1

Reported Use of General Revenue Sharing Funds—All Units of Government** (N = 34,538)
Entitlement Period Four (July 1, 1973-June 30, 1974)
(in millions of dollars)

Category	OPERATING AND MAINTENANCE CAPITAL					
	Total Amount Expended	% of Total Funds Expended	Rank	Amount Expended	% of Category Expended	Amount Expended Category Expended
Public Safety	\$1,534.9	23%	1	\$1,193.4	78%	\$ 341.5
Environmental Protection	486.5	7	5	231.6	48	254.9
Public Transportation	987.8	15	3	465.4	47	522.4
Health	477.1	7	6	293.7	62	183.4
Recreation	307.5	5	7	85.7	28	221.8
Libraries	82.3*	1	11	46.0	56	36.2
Social Services for the Poor or Aged	261.9	4	8	237.7	91	24.2
Financial Administration	136.4	2	10	107.9	79	28.4
Multi-Purpose/Gen. Gov't	638.8	10	4	158.4	25	480.4
Education	1,381.3	21	2	1,149.4	83	231.9
Social Development	12.8	(a)	15	—	—	12.8
Housing/Community Development	75.3	1	12	27.8	37	47.5
Economic Development	37.3	(a)	14	4.9	13	32.4
Other	253.2	4	9	235.8	93	17.4
Corrections	43.2*	(a)	13	26.0	60	17.3
Totals	\$6,716.4*	100%*		\$4,263.8	63%	\$2,452.6*
						37%

** Total reports received by September 24, 1974

* Does not total due to rounding

(a) Less than 1%

TABLE 2

Reported Use of General Revenue Sharing Funds—All State Governments and District of Columbia** (N = 51)
Entitlement Period Four (July 1, 1973-June 30, 1974)
(in millions of dollars)

Category	OPERATING AND MAINTENANCE				CAPITAL	
	Total Amount Expended	% of Total Funds Expended	Amount Expended	% of Category Expended	Amount Expended	% of Category Expended
Public Safety	\$ 24.9	1%	\$ 22.8	91%	\$ 2.1	9%
Environmental Protection	49.1	2	21.0	43	28.1	57
Public Transportation	211.4	8	153.8	73	57.6	27
Health	198.2	8	125.0	63	73.2	37
Recreation	36.1	1	7.9	22	28.1	78
Libraries	6.3	(a)	.6	10	5.7	90
Social Services for the Poor or Aged	167.8	7	162.1	97	5.7	3
Financial Administration	24.4	1	24.4	100	—	—
Multi-Purpose/General Gov't	183.5	7	158.4	86	25.1	14
Education	1,336.0	52	1,149.4	86	186.6	14
Housing/Community Development	33.0*	1	27.8	84	5.3	16
Economic Development	8.7	(a)	4.9	56	3.8	44
Other	238.6	10	235.8	99	2.8	11
Corrections	43.2*	2	26.0	60	17.3	40
Totals	\$2,561.1*	100%	\$2,119.8*	82%	\$441.3*	18%

** Total reports received by September 24, 1974

* Does not total due to rounding

(a) Less than 1%

TABLE 3

Reported Use of General Revenue Sharing Funds—All Local Governments Reporting** (N = 34,487)
Entitlement Period Four (July 1, 1973-June 30, 1974)
(in millions of dollars)

Category	OPERATING AND MAINTENANCE				CAPITAL			
	Total Amount Expended	% of Total Funds Expended	Amount Expended	% of Total Category Expended	Amount Expended	% of Total Category Expended	Amount Expended	% of Total Category Expended
Public Safety (a)	\$1,510.1	36%	\$1,170.7	78%	\$ 339.4	22%		
Environmental Protection (a)	437.4	11	210.6	48	226.8	52		
Public Transportation (a)	776.4	19	311.6	40	464.8	60		
Health (a)	278.9	7	168.7	60	110.2	40		
Recreation (a)	271.4	7	77.8	29	193.6	71		
Libraries (a)	76.0	2	45.5	61	30.5	39		
Social Services for the Poor or Aged (a)	94.1	2	75.6	80	18.5	20		
Financial Administration (a)	112.0	3	83.5	75	28.4	25		
Multi-Purpose/General Gov't (b)	455.3	11	N/A		455.3	100		
Education (b)	45.3	1	N/A		45.3	100		
Social Development (b)	12.8	—	N/A		12.8	100		
Housing/Community Development (b)	42.3	1	N/A		42.3	100		
Economic Development (b)	28.6	1	N/A		28.6	100		
Other (b)	14.6	—	N/A		14.6	100		
Totals	\$4,155.3(c)	100%	\$2,144.0	52%	\$2,011.3(c)	48%		

** Total reports received by September 24, 1974.

(a) Priority expenditure categories for local governments.

(b) Descriptive categories for capital expenditures established by ORS for reporting purposes.

(c) Columns do not add to totals due to rounding.

N/A Not a category for local government expenditures.

TABLE 4
Reported Use of General Revenue Sharing Funds
County Governments (N = 2,968)**
Entitlement Period Four (July 1, 1973-June 30, 1974)

(in millions of dollars)

Category	Character of Use			
	Operating/ Maintenance	% of Funds Expended	Capital	% of Funds Expended
Public Safety (a)	\$227.5	15%	\$128.8	8%
Environmental Protection (a)	35.5	2	58.1	4
Public Transportation (a)	138.8	9	212.4	14
Health (a)	117.7	8	59.9	4
Recreation (a)	22.7	1	53.8	3
Libraries (a)	23.0	1	12.5	1
Social Services for the Poor or Aged (a)	41.7	3	12.7	1
Financial Administration (a)	49.2	3	16.7	1
Multi-Purpose/Gen. Gov't (b)			258.8	17
Education (b)			36.3	2
Social Development (b)			9.8	1
Housing/Community Development (b)			7.9	1
Economic Development (b)			7.1	*
Other (c)			7.2	*
Totals, by Character	\$656.2(d)	43%	\$881.9(d)	57%
Total, All Uses	\$1,538.1			

(**) Total reports received by September 24, 1974.

(a) Priority expenditure categories for local government use of operating/maintenance GRS funds.

(b) Descriptive categories for capital expenditure uses as established by ORS.

(c) Other uses includes all uses of GRS funds not otherwise categorized.

(d) Columns do not add to totals due to rounding.

(*) Less than 1%.

TABLE 5
Reported Use of General Revenue Sharing Funds
City Governments
**** (N = 16,763)**
Entitlement Period Four (July 1, 1973-June 30, 1974)
(in millions of dollars)

Category	Character of Use			
	Operating/ Maintenance	% of Funds Expended	Capital	% of Funds Expended
Public Safety (a)	\$ 877.9	38%	\$179.7	8%
Environmental Protection (a)	158.9	7	156.7	7
Public Transportation (a)	137.3	6	201.7	9
Health (a)	44.4	2	43.8	2
Recreation (a)	50.1	2	129.8	6
Libraries (a)	19.2	1	15.4	1
Social Services for the Poor or Aged (a)	31.0	1	4.3	*
Financial Administration (a)	28.8	1	9.3	*
Multi-Purpose/ Gen. Gov't (b)			165.9	7
Education (b)			6.4	*
Social Development (b)			2.8	*
Housing/Community Development (b)			31.1	1
Economic Development (b)			20.1	1
Other (c)			6.2	*
Totals, By Character of Use	\$1,347.5(d)	58%	\$973.3(d)	42%
Total, All Uses			\$2,320.8	

(**) Total reports received by September 24, 1974.

(a) Priority expenditure categories for use of local government operating/maintenance GRS funds.

(b) Descriptive categories established by the ORS for local government capital expenditure uses.

(c) Other uses includes all uses of GRS funds not otherwise categorized.

(d) Does not add to totals due to rounding.

(*) Less than 1%.

TABLE 6
Reported Use of General Revenue Sharing Funds
Townships
**** (N = 14,583)**
Entitlement Period Four (July 1, 1973-June 30, 1974)
(in millions of dollars)

Category	Character of Use			
	Operating/ Maintenance	% of Funds Expended	Capital	% of Funds Expended
Public Safety (a)	\$ 64.9	22%	\$ 30.6	10%
Environmental Protection (a)	16.1	5	11.9	4
Public Transportation (a)	35.5	12	50.6	17
Health (a)	6.4	2	6.5	2
Recreation (a)	4.8	2	9.8	3
Libraries (a)	3.3	1	2.6	1
Social Services for the Poor or Aged (a)	2.6	1	1.5	1
Financial Administration (a)	5.2	2	2.3	1
Multi-Purpose/ Gen. Gov't (b)			30.1	10
Education (b)			2.5	1
Social Development (b)			.2	*
Housing/Community Development (b)			2.9	1
Economic Development (b)			1.1	*
Other (c)			1.2	*
Totals, By Character of Use	\$138.8	47%	\$154.0(d)	53%
Total, All Uses			\$292.8	

(**) Total reports received by September 24, 1974.

(a) Priority expenditure categories for use of local government operating/maintenance of GRS funds.

(b) Descriptive categories for capital expenditure uses as established by ORS.

(c) Other uses includes all uses of GRS funds not otherwise categorized.

(d) Does not add to total due to rounding.

(*) Less than 1%.

TABLE 7
Report of Use of General Revenue Sharing Funds
Indian Tribes and Alaskan Native Villages
**** (N = 173)**
Entitlement Period Four (July 1, 1973-June 30, 1974)
(in thousands of dollars)

Category	Character of Use			
	Operating/ Maintenance	% of Funds Expended	Capital	% of Funds Expended
Public Safety (a)	\$ 364.4	10%	\$ 290.1	8%
Environmental Protection (a)	154.9	4	76.2	2
Public Transportation (a)	21.7	1	37.4	1
Health (a)	138.3	4	77.7	2
Recreation (a)	120.4	3	203.7	6
Libraries (a)	11.8	*	7.1	*
Social Services for the Poor or Aged (a)	308.8	9	53.1	1
Financial Administration (a)	332.1	9	183.1	5
Multi-Purpose/ Gen. Gov't (b)			381.3	11
Education (b)			135.2	4
Social Development (b)			111.8	3
Housing/Community Development (b)			361.6	10
Economic Development (b)			189.4	5
Other (c)			13.2	*
Totals, By Character of Use	\$1,452.3(d)	41%	\$2,120.8(d)	59%
Total, All Uses			\$3,573.1	

** Total reports received by September 24, 1974.

(a) Priority expenditure categories for use of local government operating/maintenance use GRS funds.

(b) Descriptive categories for capital expenditures as established by ORS.

(c) Other uses includes all uses of GRS funds not otherwise categorized.

(d) Columns do not add to totals due to rounding.

(*) Less than 1%.

TABLE 8

Reported Use of General Revenue Sharing Funds—All Units of Government ** (N=34,538)
By Region and Category
Entitlement Period Four (July 1, 1973-June 30, 1974)
(in millions of dollars)

Use Category	Total, All Regions		Northeastern		North Central		Southern		Western	
	Amount	% of Total	Amount	%	Amount	%	Amount	%	Amount	%
		Expended	(N = 6,095)		(N = 19,435)		(N = 6,619)		(N = 2,389)	
Public Safety	\$1,534.9	23%	\$ 572.5	31%	\$ 388.2	24%	\$ 309.1	15%	\$ 265.2	22%
Environmental Protection	486.5	7	148.7	8	101.8	6	190.8	10	45.1	4
Public Transportation	987.8	15	246.9	13	228.7	14	408.3	20	103.9	9
Health	477.1	7	155.2	8	129.5	8	136.5	7	56.0	5
Recreation	307.5	5	44.2	2	58.0	4	108.1	5	97.2	8
Libraries	82.3	1	23.6	1	13.3	1	29.4	1	15.9	1
Social Services for the										
Poor or Aged	261.9	4	93.8	5	35.8	2	37.0	2	95.2	8
Financial Administration	136.4	2	40.6	2	40.1	2	33.7	2	21.9	2
Multi-Purpose/Gen. Gov't	639.3	10	125.1	7	136.5	9	254.6	13	123.1	10
Education	1,381.3	21	244.7	13	409.2	25	402.4	20	325.0	27
Social Development	12.8	—	1.7	—	2.6	—	5.0	—	3.4	—
Housing/Community Development	75.3	1	30.4	2	13.7	1	19.2	1	12.1	1
Economic Development	37.3	.6	6.1	—	9.9	1	16.9	1	4.4	—
Other	253.2	4	142.3	8	25.5	2	48.2	2	37.2	3
Corrections	43.2	.6	.8	—	12.0	1	27.3	1	3.1	—
Totals	\$6,716.9*	100%	\$1,876.7*	100%	\$1,604.8	100%	\$2,026.6*	100%	\$1,208.7	100%

* Columns do not total due to rounding.

** Total forms received by September 24, 1974.

TABLE 9

**Impact of Use of General Revenue Sharing Funds
On Governmental Taxes of
Reporting States and Local Governments
Entitlement Period Four (July 1, 1973-June 30, 1974)**

Level of Government Units Responding*	Has Availability of GRS Enabled Your Government To:									
	Total Responses #	%	Reduce Tax #	%	Tax Increase #	%	Prevent New Taxes #	%	Maintain Current Tax Level #	%
1. States and District of Columbia	25	100%	15	60%	2	8%	5	20%	3	12%
2. Local Governments, Total	42,107	100%	1,547	4%	14,916	35%	11,229	27%	14,415	34%
a. Counties	4,249		183		1,605		1,221		1,240	
b. Cities	20,161		488		7,002		5,599		7,072	
c. Townships	17,640		874		6,300		4,388		6,078	
d. Indian Tribes and Alaskan Native Villages	57		2		9		21		25	
3. Total Responses for All Units of Government Reporting (Lines 1 and 2)	42,132	100%	1,562	4%	14,918	35%	11,234	27%	14,418	34%

* Multiple responses possible from a single unit of government.

TABLE 10

Impact of Use of General Revenue Sharing Funds On Debt Status Of
Reporting States and Local Governments
Entitlement Period Four (July 1, 1973-June 30, 1974)

Level of Government Units Responding *	Has the Availability of GRS Enabled Your Government to:				
	Total Responses #	%	Prevent New Debt #	%	Reduce Old Debt #
States and District of Columbia	29	100%	23	79%	6
Local Governments:	12,713	100%	10,689	84%	2,024
Counties	1,199		1,051		148
Cities	7,062		6,101		961
Townships	4,320		3,445		875
Indian Tribes and Alaskan Native Villages	132		92		40
Total Responses*	12,742	100%	10,712	84%	2,030
					16%

* Multiple responses possible from a single unit of government.

TABLE 11
General Revenue Sharing Trust Fund Report
of States and Local Governments
Entitlement Period Four (July 1, 1973-June 30, 1974)
(in millions of dollars)

	Total for All Units of Government	State Governments	Local Governments
Balance as of June 30, 1973	\$ 4,112.4	\$1,630.3	\$2,482.1
Revenue Sharing Funds Received from July 1, 1973 through June 30, 1974	6,024.3	2,071.4	3,953.0
Interest Earned	387.6	150.3	237.4
Total Funds Available	11,373.4	3,852.2	7,521.1
Total Amount Expended	6,806.8	2,608.6	4,198.2
Balance as of June 30, 1974	\$ 3,730.4	\$1,243.3	\$2,487.1

Columns do not add due to variations in reporting practices of the several States and local governments and other transactions not reported here.

TABLE 12

Comparison of Use of General Revenue Sharing Funds
 For Entitlement Periods 1, 2 and 3 and Entitlement Period 4
 All Units of Government Reporting
 (Period 4 ** N=34,538; Period 1, 2 & 3 N=32,665)
 (in millions of dollars)

Category	PERIOD 4		PERIODS 1, 2 and 3	
	Amount Expended	% of Total Funds Expended	Amount Expended	% of Total Funds Expended
Public Safety	\$1,534.9	23%	\$ 655.2	23%
Environmental Protection	486.5	7	187.8	7
Public Transportation	987.8	15	416.9	15
Health	477.1	7	165.9	6
Recreation	307.5	5	116.7	4
Libraries	82.3	1	18.5	1
Social Services for the Poor or Aged	261.9	4	88.1	3
Financial Administration	136.4	2	69.9	2
Multi-Purpose/Gen. Gov't	639.3	10	183.7	6
Education	1,381.3	21	687.2	24
Social Development	12.8	(a)	12.9	(a)
Housing/Community Development	75.3	1	26.	1
Economic Development	37.3	(a)	11.6	(a)
Other	253.2	4	177.6	6
Corrections	43.2	(a)	N/A	N/A
Totals	\$6,716.9	100%	\$2,818.1	100%*

** Total forms received by September 24, 1974.

* Column does not total due to rounding.

N/A Not applicable. Corrections was not a descriptive use category for Entitlement Periods 1, 2, and 3.

(a) Less than 1%.

TABLE 13
Use of General Revenue Sharing Funds,
By Rank Order of Priority and
Percentage of Total GRS Funds Expended
1973-1974

Use Category	Entitlement Period 4		Entitlement Periods 1, 2 & 3	
	Rank	% of GRS Expenditures	Rank	% of GRS Expenditures
Public Safety	1	23%	2	23%
Education	2	21	1	24
Public Transportation	3	15	3	15
Multi-Purpose/ Gen. Gov't	4	10	5	6
Environmental Protection	5	7	4	7
Health	6	7	7	6
Recreation	7	5	8	4
Other*	8	4	6	6
Social Services	9	4	9	3
Financial Administration	10	2	10	2
Libraries	11	1	12	1
Housing/Community Development	12	1	11	1
Corrections	13	1	.	.
Economic Development	14	1	14	(a)
Social Development	15	(a)	13	(a)

* Not a category for classification of expenditures in prior periods.
(a) Less than 1/2%.

TABLE 14
A Comparison of Reported Capital Expenditures
and Operating Maintenance Use of GRS Funds
During Entitlement Period 4 (Percentage of
Expenditures)

Jurisdictions	Percentage of GRS Funds Expended	
	Operating / Maintenance	Capital
1. States	83%	17%
2. Local Governments, Total	52	48
a. Counties	43	57
b. Cities	58	42
c. Townships	47	53
d. Indian Tribes, Alaskan Native Villages	41	59
3. TOTAL, All States and Local Governments (Lines 1 & 2)	63%	37%

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